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S. HRG. 100-163

JOBS FOR EMPLOYABLE DEPENDENT INDIVIDUALS ACT

HEARING

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

OF THE

COMMITTEE ON LABOR AND HUMAN RESOURCES UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

S. 514

TO AMEND THE JOB TRAINING PARTNERSHIP ACT TO ESTABLISH AN INCENTIVE BONUS FOR THE SUCCESSFUL PLACEMENT OF CERTAIN EMPLOYABLE DEPENDENT INDIVIDUALS, TO PROVIDE TARGETING OF ASSISTANCE FROM CERTAIN CARRYOVER FUNDS FOR SUCH INDIVIDUALS, AND FOR OTHER PURPOSES

MARCH 6, 1987

Printed for the use of the Committee on Labor and Human Resources

U.S. GOVERNMENT PRINTING OFFICE

75-651 WASHINGTON : 1987

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

S541-35

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CONTENTS

STATEMENTS

FRIDAY, MARCH 6, 1987

	Page
Newberg, Donald A., administrator of special support and employment programs, Chicago Board of Education	31
Prepared statement	34
Quayle, Hon. Dan, a U.S. Senator from the State of Indiana, prepared statement	3
Scheppach, Raymond C., executive director, National Governors' Association	22
Prepared statement	24
Semerad, Roger D., Assistant Secretary for Employment and Training, U.S. Department of Labor, accompanied by Bob Jones, Deputy and Dolores Battle, senior staff member	5
Prepared statement	8

JOBS FOR EMPLOYABLE DEPENDENT INDIVIDUALS ACT

FRIDAY, MARCH 6, 1987

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 12:36 p.m., in room SD-430, Dirksen Senate Office Building, Senator Paul Simon (chairman of the subcommittee) presiding.

Present: Senators Simon and Quayle.

Senator SIMON. The hearing will come to order.

I am pleased to welcome witnesses and particularly to hear comments from Senator Quayle on amendments, which include Secretary Brock's initiative.

I have a full statement. I will simply enter it in the record at this point.

OPENING STATEMENT OF SENATOR SIMON

Senator SIMON. Good afternoon. I am pleased to welcome our witnesses and my colleagues on the subcommittee to hear testimony on S. 514—jobs for employable dependent individuals [JEDI] and Senator Quayle's amendments, which includes Secretary Brock's initiative on AFDC youth.

It is my hope that we will achieve bipartisan consensus on both of these initiatives, which provide incentives and funds for increasing the employability of young AFDC mothers and AFDC youth.

On February 5th, Senator Kennedy introduced S. 514, which provides incentive bonuses to States for training and placing AFDC recipients in jobs.

I support this initiative, but as I indicated to Reverend Sullivan at the hearing on February 3rd, we need to assure to the maximum extent possible, without mandating their participation, that community based organizations will participate in the outreach and training, because these organizations have an important role in providing job training services.

You should also know that I am currently preparing amendments to the JTPA performance standards to include remedial and basic education requirements for those who need them. This is another means of addressing the needs of the AFDC population, and a way of eliminating some of the incentives for "creaming" that we often hear about.

Senator Quayle's amendments include the Department of Labor's AFDC Summer Youth Employment and Training Amendments of 1987. These amendments improve the targeting of JTPA services on the welfare youth population, particularly teen parents, and give JTPA service delivery areas the flexibility to provide the traditional summer, or year-round youth employment programs.

I look forward to hearing from our witnesses. You are reminded that your statements will be entered in the record in full. It would facilitate the questioning and opportunity for exchange if you would summarize your written statements.

I would like to welcome our first witness, the Honorable Roger D. Semerad, Assistant Secretary for Employment and Training at the Department of Labor.

Senator Quayle, is there anything you wish to say at the opening here?

Senator QUAYLE. Mr. Chairman, thank very much for accommodating us on these amendments. I want to compliment you and your staff on arranging these hearings.

Briefly, these amendments that I have introduced first try to expand the summer youth proposal. We are all looking at possible amendments to S. 514. Secondly, the amendment would establish a base year on which to determine the incentive payments for which a State would be eligible. Third, we do have an amendment which would strike the recapture and reallotment of fiscal years 1984 and 1985 funds.

Finally, much of the criticism, as you know, Mr. Chairman, has been directed toward the so-called "creaming" issue, and what we try to do is clarify and encourage more of the utilization of our funds for those real hard-core structurally unemployed and make sure that they get proper credit for the expenditure of those monies. Maybe the numbers would be less, but the proportional weight ought to be weighed in favor of serving the long-term unemployed.

So those are briefly the amendments. I look forward to the testimony and I again thank you for your cooperation and consideration.

[The prepared statement of Senate Quayle follows:]

STATEMENT OF SENATOR DAN QUAYLE AT SUBCOMMITTEE ON EMPLOYMENT

AND PRODUCTIVITY HEARING ON S. 514

March 6, 1987, 12:30 P.M.

Mr. Chairman, I want to thank you very much for your willingness to hold this hearing this afternoon on such short notice. You and your staff have been most helpful in arranging a time to receive testimony on S. 514, the Jobs for Employable Dependent Individuals and my amendments to it. Again, thank you for being so accommodating in holding this hearing.

The witnesses today will focus on the amendments which I have filed to S. 514. Briefly, let me describe my amendments.

First, I am proposing to add the expanded summer youth program proposal to S. 514. The proposal to allow localities to expand the summer youth program to a year-round program for AFDC youth seems to fit well with the concept of S. 514 of serving the long-term disadvantaged welfare recipient. Also, it is sensible to me to combine these proposals into one bill and ensure coordination between all changes that we make to the Job Training Partnership Act (JTPA), rather than passing two or three separate pieces of legislation.

There is no question that the AFDC youth need special attention. This proposal to expand services to a year-round program will provide this additional attention and give these youth the remediation they need to achieve basic skills competency and employment where applicable.

My other amendments would make changes to S. 514, the JEDI bill. The first would establish a base year upon which to determine the amount of incentive payments for which a state would be eligible. S. 514 as drafted does not have a base year, and therefore, states would be treated unequitably upon entering the program.

Another amendment would eliminate the recapture and reallotment of Fiscal Year 1984 and 1985 funds as provided for in S. 514 and would instead reduce a state's allocation by any carryover from the previous year in excess of 20%. This proposal recognizes that states need to have a certain amount of flexibility in the use of funds from one year to the next, but will limit to 20% the amount that a state can carryover from one year to the next. I am open to discussion on whether 20% is an appropriate level, and hope that the states will contact the members of the Employment Subcommittee to let us know their views.

Finally, my amendment would change the performance standards under Title II-A of JTPA to promote the provision of

services to the long-term welfare recipient. This amendment seeks to offer an incentive, much the way the JEDI proposal does, but does so more directly and within the existing delivery system. While the JEDI concept is supportable, many states have indicated that they will be unable to participate because the administrative burden of tracking an individual over a three year period in order to determine the savings from leaving welfare is too onerous.

Changing the performance standards will reach all service providers through the current administrative system, and will not demand extra administrative efforts.

Mr. Chairman, we have a short hearing today because of the hour, but we will hear from three sectors that have a great interest in these amendments. I look forward to working with the witnesses and the Chairman on these amendments to ensure that more services are provided to the needy AFDC youth and the long-term welfare recipient.

Senator SIMON. I thank you.

If I can mention to all three witnesses, we will enter the full statements in the record. If you can be brief in summarizing them, we will use the five-minute time here and when you see the red light on it means five minutes is up. If you can hold your informal statement to the five minutes, we would appreciate it.

We are pleased to have as our first witness the Assistant Secretary for Employment and Training, Department of Labor, Roger Semerad, who has been, I would add, an uncommonly fine public servant.

STATEMENT OF ROGER D. SEMERAD, ASSISTANT SECRETARY FOR EMPLOYMENT AND TRAINING, U.S. DEPARTMENT OF LABOR; ACCOMPANIED BY BOB JONES, DEPUTY, AND DOLORES BATTLE, SENIOR STAFF MEMBER

Mr. SEMERAD. Thank you, Mr. Chairman. I am very pleased to have this opportunity to meet with the committee this afternoon and, with your permission, we will indeed submit our formal remarks for the record.

Senator SIMON. They will be entered in the record.

Mr. SEMERAD. I have today with me Bob Jones, my Deputy, and Dolores Battle, one of my senior executives, joining me here at the table.

We are pleased to have the opportunity to testify on the administration's AFDC youth initiative and part of the President's competitiveness proposal introduced by Senator Dole as S. 539, and Congressman Michel as H.R. 1155.

I commend you for holding these hearings. It is a critical issue, breaking the cycle. As you know, we have been talking about breaking the cycle for at least the last two decades that I have been participating in this discussion, and this is an effort that we feel needs to be addressed, that the costs are too high not only in terms of economic sense but in human terms as well.

Secretary Brock told you every citizen must be fully productive for America to be competitive. The demographics are very clear about what our human capital pool is going to be like at the turn of the century, and we are addressing in our proposal, as you know, the problems of adults who find themselves dislocated, but clearly what we do with the young people who get caught in the trap, we need to address this problem.

We need to avoid the permanent youth underclass that is mainly poor, unskilled, minority high school dropouts who become illiterate, unemployable adults and dependent indefinitely on the welfare systems. Not everybody on welfare is the same, many are short-termers, only needing a brief period of help. Others stay on the rolls for a disproportionately long period of time.

Studies have shown the characteristics of those at greatest risk. For long-term AFDC assistance, the young unwed mothers, the children under three, the children from such homes cannot perform as well in school and the job market as other low-income youth and they become single parents themselves, thus perpetuating the welfare cycle.

The range and variety of individuals receiving AFDC requires different approaches and we believe that for those at risk of long-term dependency, literacy training and employability developments are the key to breaking the cycle.

Clearly, these skills are prerequisites for economic self-sufficiency and that trend is becoming even more and more disruptive as we move into a technologically based economy that the threshold level will be increasingly heavy in the years ahead.

We have proposed three major initiatives to address welfare dependency, the GROW proposal, the Low-Income Improvement Act, and the JTPA-AFDC youth initiatives. The latter proposal amends JTPA to focus on young parents receiving AFDC youth and youth in AFDC families.

Currently, 21 percent of JTPA Title II enrollees are indeed AFDC recipients. We want to reach more of these people. The SDAs under our plan through the Summer Youth Program would have three options now of enrichment. They could develop year-round components that are addressing the literacy or whatever the deficiencies these young people may have, they could continue to operate the traditional summer youth employment program for economically disadvantaged youth, or they could conduct most practically something that is a combination of the two.

This coincides with JPTA's basic philosophy, allowing local areas to set their own priorities. SDAs are provided flexibility to assign programs that meet the specific training and educational needs of the AFDC youth in their committees, Both in school and out of school programs could be developed under our proposal.

SDAs are choosing the new option, must submit plans to the governor that describe the process for assessing the needs of these and the nature of planned services and the goals attained by youth, including intermediate success points. We think these enriched services should include basic remedial education subsistence abuse, pregnancy issues, child care classes, life skill planning classes. Obviously, our effort is also to target the available resources more appropriately to where the children at the greatest risk are.

We want the young people to participate in our program without penalty normally associated with participation, so HHS is modifying their rules to allow these kids to participate.

I see the red light is on. I also must say, Mr. Chairman, that—I would like to point out that the proposed amendment, Senator Kennedy's Jobs for Employable Dependent Individuals Act incorporates an early draft of the administration's AFDC youth proposal, and we have provided the committee staff with the final version as it was submitted.

As you know, we had a variety of things going on as we tried to put four major pieces of legislation together in a short period of time. The final version now is in the hands of the staff and we greatly appreciate the incorporation of the revised language as you move forward with this legislation.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Semerad follows:]

STATEMENT OF
ROGER D. SEMERAD
ASSISTANT SECRETARY OF LABOR
FOR EMPLOYMENT AND TRAINING
BEFORE THE
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

March 6, 1987

Mr. Chairman and Members of the Committee:

I am pleased to have this opportunity to testify before you today on the Administration's proposed AFDC Youth Initiative. As you know, this proposal was contained in the President's competitiveness proposal that was transmitted to Congress last week, and introduced by Senator Dole as S. 539 and Congressman Michel as H.R. 1155.

Before I discuss the AFDC Youth proposal, I would like to make some general remarks. First, I wish to commend you for holding these hearings. One of the most important issues in the human resource arena today is how to assist those who are dependent on welfare to achieve economic self-sufficiency. We must break the cycle of welfare dependency not only because of its cost to the taxpayer and to the Nation in terms of lost productivity, but most importantly because of its cost to individuals in terms of lost dignity and human potential.

Secretary Brock has described to this Committee some of the significant changes that our society and work force are now undergoing. Because of the slower growth in our labor force and the shrinking pool of young workers, we are going to need

all individuals to be productive in order for our country to meet its competitive challenges. We simply cannot afford to continue a situation in which a large chunk of our youth population -- primarily poor, minority school dropouts -- faces a life of unemployment and welfare dependency, compounded by problems of illiteracy, drug use, and teen pregnancy. There is a real danger that if we do not act, a permanent youth underclass will result that will become the adult underclass of the future, and suffer long-term dependency on our welfare systems. I find this prospect unacceptable, as I am sure you do.

I recognize that the welfare dependency problem is a multifaceted one that needs to be addressed in a number of ways. Many AFDC recipients are only temporarily on the welfare rolls and are able to attain self-sufficiency on their own without outside assistance. Approximately 50 percent of women beginning their first spell of AFDC leave welfare within two years of enrollment.

Other AFDC recipients, however, face serious barriers to self-sufficiency. Nearly one-fourth of women beginning their first spell of AFDC will stay on the rolls for 10 years or more. This group makes up almost 60 percent of the AFDC enrollees at any point-in-time. Recent research indicates that the group at greatest risk is becoming long-term AFDC recipients is young, unwed mothers who enter the welfare system when their child is less than 3 years old. Other studies have consistently found that children from single parent families

complete fewer years of school and get lower status jobs than other children. These children are more likely to become single parents themselves, thus perpetuating the cycle of welfare dependency. In addition, youth in households receiving AFDC have more difficulty in the labor force than youth in other low-income households.

The differing needs of individuals on AFDC require different interventions. For example, job search programs are a useful low-cost approach to helping many AFDC recipients obtain employment, particularly those with some work history and job skills. Community work experience programs can be a useful way of providing a first exposure to the world of work and instilling the confidence an individual needs to succeed in the work environment, and of teaching work skills. Occupational skill training can provide many AFDC recipients with the job skills necessary to get that first job. Many recipients also need child care and transportation assistance in addition to work or training opportunities.

For the disadvantaged youth at-risk of long-term dependency literacy, training and employability development are key. Let me put this in context. As a Nation, we are facing increasing international competition and our economy is undergoing ever more rapid change to meet this competition. Much of this change is in the direction of higher and more complex skill requirements. Basic verbal and computational skills are frequently a prerequisite to achieving economic self-

sufficiency in our society. Disadvantaged individuals may be unable to achieve such self-sufficiency unless they can master these basic skills. A relatively small up-front investment in literacy and basic skills will pay long-run dividends to our society and the individuals concerned.

The Administration has put on the table three major proposals which address welfare dependency. In addition to the AFDC Youth Initiative, the President's competitiveness package includes a companion proposal, Greater Opportunities Through Work, or GROW. This proposal would establish a new employment and training program in AFDC which would operate in conjunction with the AFDC Youth Initiative. GROW is based upon research that shows employment and training programs can help reduce welfare dependency.

Last week, the President transmitted to Congress the Low-Income Opportunity Improvement Act. This measure will allow States and communities to undertake demonstrations designed to find out what else can work in reducing welfare dependency.

Let me turn now to the AFDC Youth Initiative. The proposal focuses on young parents receiving Aid to Families with Dependent Children (AFDC) and youth in AFDC families. It would amend the Job Training Partnership Act (JTPA). While welfare recipients form a sizable portion of the clientele served by JTPA programs -- 21 percent of Title II-A enrollees are AFDC recipients -- and a number of States have formed linkages between welfare programs and JTPA, we believe that JTPA could do more to reduce long-term welfare dependency.

Our AFDC youth proposal emphasizes the need to target resources to those who are most at-risk of staying on welfare the longest and to provide early intervention to prevent welfare dependency. Its aim is to dramatically increase the number of AFDC youth served under JTPA by modifying Title II-B of the Act and expanding the range of assistance. It provides a package of services which is more comprehensive than anything offered previously under JTPA.

Under the traditional Title II-B program, economically disadvantaged in-school youth between 16 and 21 years of age are provided with jobs during the summer months (14 and 15 year olds may be eligible at local option). Under amendments to JTPA that were enacted last year, this work experience is now combined with literacy training and remedial education. JTPA Service Delivery Areas also are encouraged to provide counseling and other services that will enable these youth to remain in school.

The proposed "AFDC and Summer Youth Employment and Training Amendments of 1987" would add an enriched program option of employment and training for AFDC youth to the current Title II-B summer youth program. Service Delivery Areas would have three options under the new Title II-B: they could develop a new, enriched, year-round component targeted to AFDC youth; they could continue to carry out the traditional summer youth employment program; or they could carry out some combination of the two. Giving Service Delivery Areas the choice of

adopting the new AFDC youth component is in keeping with the overall JTPA philosophy of letting states and local areas set service priorities based on their local population, needs and capacities. It will provide the necessary flexibility for areas with large concentrations of AFDC youth to focus their resources on this new component, while enabling areas with low numbers of AFDC youth to continue to use their resources for the standard summer youth program.

Under the new AFDC youth component, local program operators would be able to develop both in-school and out-of-school programs for AFDC youth. Service Delivery Areas electing to operate the new component would be required to describe in its job training plan a comprehensive plan of service for the AFDC youth. This plan would contain:

- the process for assessing the needs of each participant, including educational, training, employment, and social service needs;
- the services and activities to be provided, the estimated length of time of the services, and the agencies that will provide them; and
- the goals to be attained, including intermediate success points during participation.

If the assessments indicate that there is a need, the Service Delivery Area must provide the following services, where appropriate: basic and remedial education, drug and

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alcohol abuse counseling, pregnancy and pregnancy prevention counseling, child care classes, and life skills planning classes.

Program operators would have a large degree of flexibility in developing the training and employment component of their AFDC youth program. Such training could include classroom instruction, on-the-job training, work experience, job search assistance, employment counseling, and orientation to the world of work. In-school youth could concentrate on learning about the range of career options open to them, assessing their interests, learning how to pursue a chosen career, and beginning to develop the skills necessary for such a career. Of course, we expect local areas would urge these youth to remain in school and obtain their high school diploma. Programs for out-of-school youth could concentrate on getting them to return to school, on training them for particular careers, or on teaching them how to prepare for, to apply for and to interview for specific jobs.

The AFDC Youth legislative proposal also would change the current Title II-B allocation formula in order to better target funds to the population eligible for the AFDC youth and summer employment programs. Currently, the fund distribution for the summer program is heavily weighted by the level of total unemployment in the area. This formula targets resources heavily to areas with high adult unemployment. Since urban Service Delivery Areas usually contain both pockets of extreme poverty

and very affluent areas with vigorous economies, overall employment conditions are not the best indicator of the intensity of need for youth or AFDC families. Moreover, cyclical changes in unemployment rates may cause large funding swings under the current formula that are unrelated to the welfare situation in a local area.

The proposed allocation formula would be based 50 percent on the number of families receiving AFDC and 50 percent on the number of economically disadvantaged youth. We believe this formula will better direct the funds to where they are most needed.

The President's budget proposes that the revised program, incorporating the AFDC Youth component, be funded at $800 million for Fiscal Year 1988. This represents a $50 million increase in funding over amounts appropriated for the Summer Youth Employment and Training Program for FY 1987.

The AFDC Youth proposal has been developed in close coordination with the GROW proposal. GROW emphasizes continued schooling for teens without a high school diploma, and participation by other employable AFDC recipients in a range of educational, training, and employment related activities, including JTPA programs. The requirements in GROW will ensure that AFDC youth in greatest need enter JTPA and will also provide supportive services, such as child care and transportation, for recipients who enter the AFDC youth program through GROW. Since these recipients include teen parents, this will be an important ingredient to the success of the initiative.

Mr. Chairman, I know that the Congress is considering many proposals that are designed to improve or "reform" the Nation's welfare systems, and several Senate and House Committees are holding hearings on the subject. We do not have all the solutions to the problem of welfare dependency. But I do believe the problem needs addressing, in a variety of ways, now. I also believe that training and employment programs must be an integral part of any comprehensive attack on the problem. The AFDC Youth Initiative is an important step in dealing with welfare dependency through the JTPA system. I urge that you actively consider our proposal.

Mr. Chairman, this concludes my prepared statement. I appreciate this opportunity to testify before you today. At this time I would be pleased to answer any questions that you or your colleagues may have.

Senator SIMON. If I may ask on the final point, in substance what changes do you recommend on Senator Kennedy's proposal.

Mr. SEMERAD. In other words, the administration's proposal that was introduced I believe by Senator Quayle was a version of that. They had some technical changes in language. What finally was introduced officially by the President had certain modifications, mainly technical modifications that had been negotiated at the eleventh hour with the White House and inadvertently the earlier version was introduced here, rather than the original one as described by the administration.

Senator SIMON. If I can just for emphasis go over a couple of statements in your opening statement, you say nearly one-fourth of women beginning their first spell of AFDC will stay on the rolls for ten years. This group makes up almost 60 percent of the AFDC enrollees at any point in time. Other studies have consistently found that children from single-parent families complete fewer years of school and get lower status jobs than other children. These children are more likely to become single parents themselves, thus perpetuating the cycle of welfare dependency.

I was also pleased to note your reference to literacy. I might add that Secretary Brock mentioned the same thing when he testified. I hear the Labor Department talking about literacy training more than the Education Department, I regret to say, but I applaud you for your emphasis in that area.

What about the amendment on literacy training and remedial education, do we have any concrete results from the action taken last year yet.

Mr. SEMERAD. Yes, Senator, I think that we have two very interesting, and I do not know whether they are published reports at this time, but we did two things. We have a study going on in five cities that took this population and gave them some sort of remediation as part of their summer youth employment program.

If my recollection is correct, we had a nine-month-plus on that one, and that is five months gain versus a four-month control group deterioration of those basic skills over that period of the summer. So that is interesting. We are going to continue that, because I think we would all agree that if kids become more confident in their abilities to compete in the classroom they will stay in, so we have dropout prevention possibilities there, so we are going to do more.

The really interesting thing—and again, I do not believe it has been reported—we used the Job Corps instructional package in one of our Job Corps centers to take 30 young people in the summer youth program and put them through that program. They had two-year gains in reading and math—the same kind of kids.

There is no question in my mind—again, the first test had the control group, is a properly constructed survey and research. The second one we wanted to see whether our instructional packages were good as administered by our Job Corps people, and it turned out to be very effective.

I do not know quite yet how we maximized the benefits of that, but we are working on it. There is no question in my mind that these kids need not only the work experience and to have some change in their genes during the summertime, but they need this

basic remediation so they are better prepared to cope with the educational system.

Senator SIMON. And it is safe to say that in the long term that small federal investment in those, what was it, 30 or however many were in the Job Corps there that——

Mr. SEMERAD. The 30 kids that——

Senator SIMON [continuing]. Thirty young people, that investment is going to pay off for the federal government, in dollars, many, many times over, will it not?

Mr. SEMERAD. Yes, I believe so, and I think that, as we have all talked about before, the demographics suggest that we are going to need these young people. We are not talking social programs here. We are talking about economic need to try to capture whatever productive capacity that these young people can develop into our economy, because as we heard the Secretary say, if we create as many jobs in the next thirteen years as we did in the last thirteen years, we probably do not have, if today's trends persist, enough qualified—with emphasis on the word "qualified"—people with the skills to handle those jobs. And how are we going to get these young people from disadvantaged backgrounds into the mainstream of our economy?

I think there is a lot of evidence that suggests that if we can get them job-ready, that that is the only way we are going to have the permanent removal from the welfare rolls, and obviously literacy is the first step.

Senator SIMON. I thank you.

Senator Quayle?

Senator QUAYLE. Thank you very much, Mr. Chairman. I did have an opening statement and I ask unanimous consent that it be part of the record.

Senator SIMON. Without objection.

Senator QUAYLE. Mr. Secretary, we look forward to working with you to try to resolve any technical adjustments that might have to be made on whichever version we use.

Let me just ask a couple general questions. I think, clearly, everybody supports providing services and particularly placing emphasis on the AFDC recipients or the children of AFDC recipients, and it is what the JEDI proposal does, which I conceptually support very strongly. I think we need to work in the targeting and make sure it gets to those people.

The one concern that I have is if we are perhaps moving in a direction where the JTPA program might in fact be turned into a welfare program, and should we be somewhat on guard not to do that? Should we be prepared to have a balanced approach? I do not mind the adjustments from time to time, but have you given any thought about the JTPA moving into and being dealt with just as a welfare program? If so, does that give you pause, or is that a direction that you would like to accelerate even more?

Mr. SEMERAD. Senator, it does not give me pause because I know that it is not the intention of the administration to provide anything other than a better investment in people through the Job Training Partnership Act, and whether that is youth or whether that is dislocated workers or whatever, I think we need to make sure that whatever monies that we have available at the federal

level can be leveraged by local communities as effectively as possible to deal with the at-risk populations.

It is true that welfare dependent members of society are clearly at risk under the definition of the purposes of the Job Training Partnership Act, and we want to break this dependency. Dependency is indeed expensive and the investment——

Senator QUAYLE. But there are also a lot of other people that need our services under JPTA as well, correct?

Mr. SEMERAD. There are a lot of people who need assistance, that is correct, but let us not lose sight of the fact that the vast majority of young people still complete their education and move into the economy. We also must remember that the vast majority of people, if they are laid off in middle age, also know how to negotiate the process of realigning their lives and getting back into the work force.

So I think all of this is designed to help those people at risk. Yes, there are a lot of people who need help, no question, a lot of people. We think we are addressing more in this package that the President has proposed and the AFDC portion is the earlier intervention because to talk about training young people, without dealing with the problems, the basic skills of literacy and computation skills, really we are just kidding ourselves, and I think it is time we faced up to that fact.

Senator QUAYLE. As we focus more on the AFDC recipients, who are usually mothers with young children, do we run the risk of decreasing our attention to the young males that need help? I am not saying that this is not a proper focus, but, you know, when you have priorities and you push buttons in one direction, sometimes you leave problems in the other direction.

Mr. SEMERAD. I think that is a valid concern, except for the fact that they are covered in II-A. I mean there is adequate provision in our judgment for that population to also get help and they do need help, there is no question about it.

Clearly, just because of the nature of the problems and the numbers suggests that females, especially young females with children of their own pose a particularly strong call for assistance, and if the demographics are correct and we know that 80 percent of the new entrants in the work force coming up pretty soon are going to be minorities, immigrants, or women, I think to not effectively do that, especially with the track record of what happens to these women's children, we think that the focus is appropriate and that we have not shortchanged anybody because of the availability of assistance under II-A for the minority males.

Senator QUAYLE. One final question, Mr. Chairman. What can the Department of Labor or the States, or a combination, do to help out in the performance standards, to get services down to the structurally hard-core unemployed and to avoid the "creaming" criticism?

Mr. SEMERAD. Well, as you know, I have difficulty with this criticism which we hear everywhere on the "creaming" aspect of our JTPA scheme. Clearly, we have had performance and placement emphasis, that is the idea to get people jobs, that a lot of other problems tend to be alleviated if we can get them working, provide whatever assistance to get people, at whatever level of assistance,

whether it goes from basic counseling or testing to job search output to training.

I do not yet see anything that suggests that we should move away from performance based on placement. If you had, as we had in the past, lots of money to put into this, I am not sure that the results warrant, even with greater resources in the training aspect of it, and the "creaming" is that those people are more job ready and are counted more positively and emphasis is put on them, rather than extended training for people who are less able to be placed.

Senator QUAYLE. Should placement be the sole criteria for performance?

Mr. SEMERAD. Well, I do not know what the—I mean why would we do all the training if people did not get into the economy?

Senator QUAYLE. You want to do that, but the problem that you have, it is a balancing one. If in fact placement was the only criteria, say you had two people from a disadvantaged family that qualifies for services, and then let us say you have one person that is going to take some real long-term training and has some real structural problems. You might be able to get these people into the work force; the two in four months and the other one it is going to take one year. Well, if it is just on placement, obviously you are going to go for serving just those two people because you have a higher placement number. You are probably going to be somewhat less interested in the other one person if placement is the only criteria. This one person that really has a difficult time is going to be left out and that is where I think part of the criticism comes from.

I believe in performance standards. I believe that placement in jobs is very, very important. I guess I am just trying to encourage and see if there is something that the Department of Labor can do beyond some legislation that might be able to work with some regulations in balance to make sure that we get at this very problem.

Senator SIMON. If my colleague would yield, you suggested something in your opening statement that maybe makes a little bit of sense. I am not quoting you directly, but some kind of a point system might make sense, where if someone who is out of work for three years gets placed, you get a few more points than you do for someone who has been out of work for seven months.

Now, it is easier to produce for the person who has been out of work seven months, but in terms of society that extra bit of help can be of even greater assistance for the person who has been out of work for four years.

Mr. SEMERAD. I think we have two issues here. I think that we have switched over to somebody who is out of work, which implies that they are laid off, that they are part of the dislocated population, and under our proposal, again, the person that needs the long-term training, and that is where the $500 million in that training account comes in, they will be eligible for 104 weeks of training, and if they make that decision, which more and more people have to do earlier, within the ten weeks of their unemployment, they sign up in that spell and they are eligible for assistance through the whole period of training, so that they not only can be retrained and maybe to a much better skill level, that is not placement driven.

That says to the individual, though, you have got to get on with it, get into training while you are still receiving benefits. We are very concerned because we all receive more than a lot of attention on the "creaming" issue, we keep looking at it and trying to find ways that we could—and when we did the hearings on amendments to JTPA, nobody came up in my judgment with a scheme that solves the problem.

I think we are very open-minded about how we could add new points in some way, and we are talking about the out-of-work. We think we have taken care of the laid off worker quite handsomely under the President's proposal. I am more concerned with those with less experience in the work force that have not gotten in who need kinds of help, and they may need more training and may get less attention at the local level because of performance is based on placement.

Senator QUAYLE. But the point is that the Chairman and both of us are interested in how do you weigh performance standards, and that is the thrust of what we are after, whether it be in the dislocated worker, Title III, or whether it be the economic disadvantaged under Title II. It is the question of how we go about saying yes, these performance standards, and we are getting good performance out of these programs, and that is why I think it is sort of a weighting matter. I mean you really ought to get more credit—I do not know how you define credit or bonus points or whatever it is—if in fact you train somebody that has no skills at all, same for dislocated workers. For someone who is out of work longer, it is more difficult to get a job, rather than one just recently unemployed, and that is what we are looking at, how do we go about this. This program is really working and I do not want to minimize the importance of job placement. That is the goal and that is what we are all interested in. If we do not give some sort of proportional balance to the states and encourage them to go after the tougher ones, then I think just by natural evolution they are going to go after the easy ones, not saying that they do not need help too.

I just think that we ought to reward somehow those PICs and those States that really want to concentrate on some of the tougher problems, and we say you are doing a good job as well, maybe you do not have the numbers of people that have been placed in jobs, but the ones you are placing in jobs are truly in need of jobs, and it is a very difficult process.

I do not want to get bogged down in a lot of, you know, bureaucracy and review and all of that, but I just think that there are some incentives and some attention and emphasis that we ought to place on that. I think that is what the two of us are talking about.

Mr. SEMERAD. Right.

Senator QUAYLE. Thank you very much, Mr. Secretary. I am always glad to see you.

Thank you very much, Mr. Chairman.

Senator SIMON. Thank you.

Thank you, Mr. Secretary.

Mr. SEMERAD. It is always a pleasure.

Senator SIMON. Our next witness is Raymond G. Scheppach, the Executive Director for the National Governors' Association.

We are pleased to have you with us, Mr. Scheppach.

STATEMENT OF RAYMOND C. SCHEPPACH, EXECUTIVE DIRECTOR, NATIONAL GOVERNORS' ASSOCIATION

Mr. SCHEPPACH. Thank you, Mr. Chairman.

I will submit the entire statement for the record and I will try to summarize it quickly in four or five minutes.

Senator SIMON. It will be entered in the record.

Mr. SCHEPPACH. What I would like to do really is to break my remarks into three areas and summarize quickly what the governors are doing in this general area of welfare reform and so on; second, to make a few comments about the basic JEDI bill and then turn to Senator Quayle's amendments.

First, by way of summary, the governors are doing an awful lot of work in this general area. We currently have five task forces, four that are really working on State action plans for high-risk populations. Those high-risk populations are illiteracy, teen-age pregnancy, dropouts, and drug abuse areas, and they are attempting to move forward to develop plans, sort of irregardless of what the Federal Government does in this particular area.

Second, they are also developing or have recently adopted a welfare reform policy to help give guidance to the Congress in terms of where we believe that you should move in terms of welfare reform.

And third, we are working on the whole jobs growth and competitiveness area to see what States can do to make the Nation more competitive so that essentially the jobs will be available partly for welfare recipients once we get them off.

In terms of our basic welfare reform policy, there are four or five principles that we are incorporating in that. First, the governors want to have flexible State designed work programs that include a whole menu of services, from education, day care, the possibility of extended medical care, transportation, as well as job placement.

Second, they really want to require all recipients of cash assistance programs with children over three years of age to be required to go through these programs.

Third, they are talking about a contractual agreement, a contract between the government and the recipient. The government has an obligation to provide these menu of services and the recipient really has an obligation back to government to become self-sufficient over some period of time.

And finally, they recommend a case management system, where you essentially have a caseworker who is responsible for a number of these welfare recipients that can actually arrange a menu of services that will be included in the contract for the recipients.

In terms of the actual JEDI program, I think the governors are generally supportive of the thrust of the program. There are several reservations, however. First, we believe that the tracking mechanism, the requirement that we essentially track all welfare recipients who eventually become employed for a three-year period we think would be rather burdensome and costly. I would suggest that one might be able to do some sampling on that, a one percent sample and so on, and pay bonuses according to that sample, as opposed to doing something across the board.

Also there is concern that, although the thrust of the program is essentially to keep it fiscally neutral, to also reward those States

that have cost effective programs. I believe that if this program were enacted, in other words to sit in this chair four years in the future and look at where the bonuses would go, I would suspect the bonuses would go to those States that have the lowest unemployment rates as opposed to those States that have the most effective programs. And I think we need to be concerned about that, even though the program would probably be fiscally neutral relative to the Federal Government and to all States it would probably not be across States. The States that have growing economies would get the bulk of the bonuses.

My third comment on JEDI would be that as a system that complements another welfare reform program, we think it makes a lot of sense. If, however, it became a substitute for welfare reform, we would of course have some problems with it.

Concerning the specific amendments made by Senator Quayle, on the first, in terms of reducing the future allocation based on the unspent obligations, we are currently doing an in-depth survey of what those unspent obligations are. Our preliminary information indicates now that in terms of 1985, about 98 percent of the money that was obligated is in fact being spent. States are currently reallocating monies within the SDAs and our sense is that this is probably not necessary, that this money will be spent shortly.

Secondly, he has an amendment to incorporate a base period into the estimate for the performance standards. I would have to agree that technically this would not give us credit for things that happen anyway and that from a theoretical standpoint the amendment makes some sense.

However, I think it only accentuates the other problem, which is that it would generally hurt those States that have deteriorating economies, and it would probably hurt the participation rate in general.

His third amendment on performance standards, we would probably support. We can use any help that the Secretary of Labor can give us in that particular area.

Fourth, on the administration's AFDC youth program, we would generally be supportive. Governors have been pushing for preventive strategies. This gives us a lot of room for prevention. I would probably agree a little bit with Senator Quayle on the allocation formula. I have a little bit of concern that doing 50 percent of the allocation based on the AFDC population may move the thrust of the program a little bit too far in that area.

However, I think whether that happens or not depends on what the other welfare reform bill may be.

With that, I will close my comments, Mr. Chairman, and I would be happy to answer any questions.

[The prepared statement of Mr. Scheppach follows:]

National Governors' Association

Bill Clinton
Governor of Arkansas
Chairman

Raymond C. Scheppach
Executive Director

STATEMENT OF

RAYMOND C. SCHEPPACH

EXECUTIVE DIRECTOR

NATIONAL GOVERNORS' ASSOCIATION

before the

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

UNITED STATES SENATE

on

EMPLOYMENT OPPORTUNITIES FOR WELFARE CLIENTS

March 6, 1987

HALL OF THE STATES · 444 North Capitol Street · Washington, D.C. 20001-1572 · (202) 624-5300

Mr. Chairman, distinguished members of the Committee, I appreciate the opportunity to appear before you today representing the National Governors' Association. I am the executive director of the NGA, and I am here to share the perspective of the nation's Governors on the important topic of employing this country's welfare recipients.

At the NGA winter meeting that concluded last week, the Governors adopted a comprehensive new policy addressing needed reforms in this country's welfare system. The Governors aim in proposing the welfare reform plan is to turn what is now primarily an income maintenance system with a minor work component into a one that is first and foremost a jobs system backed up by an income assistance program.

The key components of the policy include:

- A flexible, state-designed work program that accommodates remedial education, training, job placement, and experience;

- A requirement that all recipients of cash assistance with children age 3 or more participate in a work program;

- A binding contractual agreement between the recipient and the government which lays out mutual obligations--the client to strive for self-sufficiency and the government to provide adequate support services for a designated period of time as the client moves towards economic independence;

- An enhanced case management system at the central point of intake and assessment of a client's needs, resources and the steps necessary to move the client towards self-sufficiency; and

- Movement toward a cash assistance program that would ultimately be a state-specific family living standard developed according to a nationally prescribed methodology and paid, as a minimum, at a nationally prescribed percentage of that state's family living standard.

The Governors' proposal focuses on poor children and their families and reflects the belief that this is the group most in need of a new approach to assistance. Together these components represent a much improved approach to welfare, one that combines the unique abilities of the states to provide programs that work in the individual state and the federal government's responsibility to set national standards. They reflect the importance of eliminating the causes of welfare and providing each citizen with an opportunity to participate fully in the community and develop to his or her full potential. They recognize the differences in the AFDC population by focusing on individualized plans for achieving self-sufficiency through case management. They place a high value on work among clients and on government's responsibility to remove the disincentives to work which currently mar the welfare system.

My comments will address Jobs for Dependent Employable Individuals (JEDI) proposals from the perspective of the Governors' new welfare reform proposal. This committee, and specifically Senator Kennedy, deserve special recognition for the innovative approach embodied in JEDI. The use of bonuses or incentives for placement is a realistic approach for encouraging service for long-term welfare clients. There are some concerns, however, I would like to share with you.

- o First, administrative costs of the individualized tracking would be very high, perhaps higher than the bonuses that would accrue to the states. Governors want to be accountable and are willing to be judged on program performance, but this can be accomplished by sampling performance as opposed to measuring the success of each participant. At the very minimum, the follow-up requirements must be crafted so that current records could be utilized to minimize potential costs.

- o Second, the Governors are concerned that the states that will receive bonuses will be those with the lowest unemployment rates rather than states with the most effective programs. While we all agree that placement of welfare clients in jobs is a worthwhile goal, the reward should be for programs that assist the client in overcoming self-sufficiency barriers, not for states that have growing economies.

- Third, while the incentive approach for encouraging welfare client placement could certainly be included in a welfare reform package, standing alone, the approach is not comprehensive enough. Training and placement are critical, but we believe that each client should have an individualized plan, tailored by a case worker, that includes additional services such as education, day care and extension of medical care coverage. Even after a participant has found a job, support services should be provided for a transition period.

  The Governors recognize and appreciate the efforts of Senator Kennedy, Senator Moynihan, and others on the broader topic of welfare reform. We realize that JEDI is not intended to be a substitute for welfare reform, but we are concerned that some may interpret it as such.

Pending before this subcommittee are Senator Quayle's amendments to the proposed JEDI legislation. While Senator Quayle's Training for Economically Dependent Individuals (TEDI) amendments make some improvements to the original bill proposed by Senator Kennedy, we have a few specific concerns.

Senator Quayle proposes to amend current JEDI language on use of unexpended JTPA balances to reduce state allocations by whatever amount exceeding 20 percent is unspent in the previous year. While this proposal is more direct than the original language, we believe it unnecessary. Preliminary statistics gathered by NGA on program year 1985 expenditures suggest that the overall expenditure rates for Title II-A funds is 98 percent of new allocations. While some states continue to experience carryover balances, the system is maturing and developing the capability to use all allocated funds. If current trends in expenditure rates continue in program year 1986, the total carryover, including initial program start up funds, will be less than 24 percent. In short, JTPA funds <u>are</u> being spent.

Senator Quayle also proposes to amend the JTPA statute to more clearly reflect the priority for serving "increased numbers of hard-to-serve individuals, particularly long-term welfare recipients." Current JTPA performance standards have not been fully utilized to encourage service for

the hardest to serve. We have no problem with this particular amendment and look forward to working with the secretary of labor to develop performance goals that will more effectively target resources on the hardest to serve.

Senator Quayle also proposes to limit bonus payments to placements that exceed the number of placements made by each state in fiscal 1986 or some other base year agreed upon by the secretary of labor and the Governor. There would be no significant disagreement with this amendment, if we can eliminate the influence of economic conditions and thereby isolate program effectiveness. However, since we are unable to do this, the amendment would penalize states with effective programs in economically depressed regions.

Finally, Senator Quayle includes the administration's AFDC youth program as part of the package. The proposal provides early intervention so that welfare dependency does not become the only known alternative for economic assistance. This is the only part of the bill that focuses on prevention of long-term dependency and for that reason it deserves support.

The AFDC youth program begins to address another important component in the Governors' welfare reform policy by requiring individualized plans for each participant. We cannot expect that uniform treatment of caseloads will meet individualized circumstances with satisfactory results. The Governors believe that services tailored to individual needs are significantly better. We must realize, however, that if service delivery areas opt to run the more comprehensive AFDC youth program, the number of clients served may be reduced unless significant new money is made available.

The one note of caution is the impact of the change in the formula for distributing Title II-B funds. We need additional information concerning the redistributive effect of this formula.

We all need to assure ourselves that any program we design does not, unwittingly, focus too much on young women to the exclusion of young men. Many young men are not in AFDC households but are living independently. We believe, they too, can benefit from this program.

Mr. Chairman, I congratulate you on your efforts to provide deserving Americans the opportunity to become self-sufficient. The nation's Governors join you in your efforts and thank you for the opportunity to participate in this public dialogue.

Senator SIMON. Thank you.

If I may refer to your comments about Senator Kennedy's program, the one comment you make that concerns me because I am a cosponsor of the legislation—you say that the reward should be for programs that assist the client in overcoming self-sufficiency barriers, not for States that have growing economies.

I think there is a possibility that that is true. There is a possibility that Massachusetts might make out a little better than Illinois under such a program. Do you have any suggestion as to how the formula might be modified to recognize that reality? I think the program is basically sound, but I do see a possible problem there.

Mr. SCHEPPACH. I do not know, one option might be to estimate the total bonus based on what is going to happen nationally, so that you could then make sure that you are fiscally neutral, but then allocate back based on the number of participants in the programs.

Senator SIMON. If you have any further thinking on that, I would be interested in that.

Mr. SCHEPPACH. Okay.

Senator SIMON. My guess is that some of the governors of States like West Virginia would be very interested in that, too.

In the first part of your statement you talk about a series of things, most of which strike me as being things that do not require legislative change. Is that correct? In other words, where you talk about an enhanced case management system at the central point of intake in assessment of a client's needs, and so forth, these are not things that require legislative change on our part, do they?

Mr. SCHEPPACH. Probably not. I am talking about, you know, if there was another pot of money of the general welfare reform type of thing, I see these as complementary programs of welfare reform that when used would be essentially more for the training and placement component as opposed to some of the education, administering the medical care, and the other parts of the amendment.

Senator SIMON. Senator Quayle?

Senator QUAYLE. Thank you very much, Mr. Chairman.

I, too, am interested in any ideas that you might have of how we can get the economic conditions under this formula, because I was looking at your testimony, and you said yes, we need a base year, but you would only go with a base year if we could eliminate the influence of economic conditions and thereby isolate program effectiveness. If you have any ideas of how we could do that, I would be more than open to it.

We do have to have a base year and we have got to know what we are starting from. If we can plug in some economic conditions, fine, so any further thoughts, I would join with the Chairman in——

Senator SIMON. I am just thinking out loud, but if, for example, you had a 10 percent add-on to the bonus for any State where the unemployment rate is above the national average, you could provide some additional assistance to the States that have the greatest need.

Mr. SCHEPPACH. You could. I mean theoretically what you want to do is project what the economy is going to be and then lay your program on and do the deltas against it, which is very difficult. I

am looking for something that is easier and comes up with what you basically want, which is to make the program neutral with respect to the federal government and then some other way that you can simply allocate that bonus across States.

Senator QUAYLE. What we wanted to do is to establish a base year and then have improvement upon that base year.

Mr. SCHEPPACH. That is right.

Senator QUAYLE. If you do not have the base year, they can always say we have improved, but improved from what?

Mr. SCHEPPACH. If we could do that nationally, that is what I am arguing. In other words, you could have a base year that washes out a lot of the differentials across States and then——

Senator QUAYLE. A base year by State.

Mr. SCHEPPACH. Pardon me?

Senator QUAYLE. A base year by State.

Mr. SCHEPPACH. Why do you have to have it by State?

Senator QUAYLE. On the individual States, on the bonuses, to see how their performance is going.

Mr. SCHEPPACH. Well, what I am arguing is that you are assuming that you are going to give bonuses to those States that have the most cost effective programs. I would argue that the economics unfortunately is going to swamp the variable of effectiveness.

Senator QUAYLE. I have no problem of including economics. I'm just not exactly sure how we go about it.

Mr. SCHEPPACH. Okay. Let us look at it and we will try to come back——

Senator QUAYLE. I have no problem with that and I think if you could figure out a way to help us include it on a very straight-forward way, fine, we would be glad to entertain that as a friendly amendment to the amendment.

The 20 percent limit on the carryover funds, you say in your testimony that the total carryover, including initial program start up funds, will be less than 24 percent.

Mr. SCHEPPACH. We are currently surveying and we have a lot of information in and what I would like to do is perhaps let us complete that——

Senator QUAYLE. Okay.

Mr. SCHEPPACH [continuing]. And maybe get that information to you in the next several weeks.

Senator QUAYLE. You know, these carryover funds in the current bill, you know we take them and have a whole new redistribution by formula, which I think is not a very good idea at all. I do think we have got to do something to make them pay some attention to the carryover funds. My question is is 20 percent too high, too low, in between? I think after you get your survey back that you might be able to help us out with that. I do not think there is any problem with having some carryover funds, but I think if you get above a certain amount, that something is going to be done with those carryover funds. Any time you see that there, there is the tendency to do something with it, so we have got to pay attention to it and figure out, in lieu of what has been suggested about just reallocating that on a formula basis. I do not think that would be very prudent at all.

So I look forward to when you get your findings back from the States, particularly to see whether you think our 20 percent limit is too high, too low, or about right.

Mr. SCHEPPACH. I would be glad to do that, Senator.

Senator QUAYLE. Thank you very much, Mr. Chairman.

Senator SIMON. Thank you, Mr. Scheppach, for your testimony.

Mr. SCHEPPACH. Thank you, Mr. Chairman.

Senator SIMON. Our final witness today is Dr. Donald A. Newberg, the Administrator of Special Support and Employment Programs for the Chicago Board of Education.

We are pleased to have you with us here, Dr. Newberg.

STATEMENT OF DONALD A. NEWBERG, ADMINISTRATOR OF SPECIAL SUPPORT AND EMPLOYMENT PROGRAMS, CHICAGO BOARD OF EDUCATION

Dr. NEWBERG. Thank you, Senator Simon.

Senator SIMON. We will enter your full statement in the record.

Dr. NEWBERG. Thank you very much.

Today, Mr. Chairman, I would like to devote my testimony to the aspects of the Job Training Partnership Act and the proposed amendments with which I am most familiar, and that is the area of youth and summer programs.

I am particularly pleased that the committee has provided the city school systems with an opportunity to engage in a dialogue regarding the very significant revisions to JTPA proposed by Senator Kennedy and Senator Quayle.

As an organization, the Council of the Great City Schools and Chicago as a founding member have been among the primary advocates of targeting federal resources on those individuals who are most in need of services. S. 514 and the proposed amendments being discussed today do a good job of targeting limited federal resources on a specific and defined group in need of services. These legislative proposals, therefore, have the support of the council, particularly the amendments focused on youth programs—our primary area of interest.

I would like to specifically commend the clear relationship established in the youth program amendments between the targeted population of poor and AFDC youth and the funding distribution formula.

We recognize, however, that a revision of the summer youth program funding formula to mirror a more-focused target population will result in some funding shifts and program dislocations. Having felt the weight of similar program dislocations in the past, we recommend that the committee consider softening or phasing in the impact of any negative fiscal changes among States and SDAs.

With regard to the year-round program for AFDC youth, we have a somewhat mixed perspective. To accomplish the laudable goals incorporated into the bill in the areas of education, training and work experience, hard to serve youth who are often AFDC youth, will clearly require more extensive services than a two-month summer program can provide. The year-round program notably offers the opportunity for greater success with the hard to serve population.

On the other hand, a fiscally neutral program such as this, while offering the promise of more extensive services and greater success, ultimately will result in a decrease in the overall number of summer jobs available under summer youth employment programs. Our cities cannot afford any dilution in the current service level of summer jobs, especially as we are anticipating in Chicago a one-third reduction in the summer youth program.

Regarding the new performance standards proposed to be added for youth programs, the council is again supportive. These new criteria are quite appropriate to the focus of the proposed program. We would recommend additionally some recognition of the substantial differences in the performance expectations and capabilities of the so-called "hard-core" poor youth, in comparison to other low-income youth. With no adjustment for "hard to serve" youth within the current, universal performance standards, there is an inherent incentive for "creaming" the most capable of the eligible population, in order to exceed performance standards.

Further focusing on the details of the proposed amendments, we have some concern regarding the comprehensive services plan required for each participating youth. Having over a decade of experience with written individualized education plans, our schools recognize their general utility as a management tool for serving individuals.

However, depending upon the specificity of the regulations and guidelines added on by Federal and State agencies in the implementation process, the comprehensive services plans could become excessively time consuming and extremely costly. Having just sent 29 cases of paper to our SDA following completion of last summer's youth program, I am quite sensitive to the prospect of even more paperwork.

I would like to applaud both the bill and the amendments for continuing to place a significant emphasis on providing eligible participants with programs for basic and remedial education. In order for communities we serve to be competitive and viable, the educational institutions must help citizens become more competent in basic educational skills and must provide effective training in job related skills to meet rapidly changing labor market demands. Many of the communities' present and future economies have essentially lost the need for unskilled workers. The speed with which new technologies are altering the content of jobs makes it imperative for workers to adapt rapidly and frequently to new work and new ways of doing it.

Therefore, a strong grounding in basic academic skills is essential for survival in the present and future economy. In recognition of the fact that two out of the three purposes of the program in the proposed amendments are educational in nature, the declining level of school district participation in JTPA hopefully could be remedied. Since schools already serve a majority of the eligible JTPA youth program participants and have outstanding performance track records in relation to program objectives, greater LEA participation would be a very positive step.

For example, in Chicago there are approximately 69,000 high school age students who are from families receiving AFDC. Of these students, 46,000 or two-thirds are attending our public

schools, and an additional 29,000 high school students are from families considered to be economically disadvantaged. Therefore, a total of 75,000 high school students are eligible to participate in the JTPA program. This data underscores the fact that local educational agencies have unique opportunity to reach JTPA youth before they leave school and become hard to serve individuals tied to a cycle of AFDC and related support.

Last year's evaluations of the Chicago public schools program document a placement rate of over 80 percent, and in many programs like chefs' training, auto body and fender, and amusement machine repair, we have placement rates reaching 100 percent.

In spite of these facts, the Chicago public schools received a year-round contract to serve only 414 JTPA-eligible youth or one-half of one percent of the population. We are only serving one-third the number of young people that we have served in the past, despite our outstanding track record. Similar declining NTPA participation is being experienced by most of the big city school systems.

I see the red light, Senator.

[The prepared statement of Dr. Newberg follows:]

TESTIMONY OF DR. DONALD A. NEWBERG
ON THE JOBS FOR EMPLOYABLE DEPENDENT INDIVIDUALS BILL
on Behalf of
The Council of the Great City Schools

Mr. Chairman and members of the Committee, my name is Donald Newberg, Administrator of Special Support and Employment Programs for the Chicago Board of Education. I am pleased to be testifying today on behalf of The Council of the Great City Schools.

Currently in its 31st year, The Council of the Great City Schools is a national organization comprised of forty of the nation's largest inner-city public school systems. Our leadership is comprised of the Superintendents and one Board of Education member from each city, making the Council the only association so constituted and the only one whose membership and purpose is solely urban education.

The Council's membership serves about 4.5 million inner-city youngsters, or approximately 11.3 percent of the nation's public school enrollment. Our schools educate about 32.3 of the nation's Black children, 26.8 percent of the Hispanic children, and 20.1 percent of the nation's Asian children. Almost one-third of our enrollments are of children residing in families receiving public assistance, and about 80 percent of our children are eligible for a free or reduced price lunch each day.

Today, Mr. Chairman, I would like to devote my testimony to the aspects of the Job Training Partnership Act and the proposed amendments with which I am most familiar -- the area of youth and summer programs. I am particularly pleased that the Committee has provided the city school systems with an opportunity to engage in a dialogue regarding the very significant revisions to JTPA proposed by Senator Kennedy and Senator Quayle.

As an organization, The Council of the Great City Schools, and Chicago, as a founding member, have been among the primary advocates of targeting federal resources on those individuals who are most in need of services. S. 514 and the proposed amendments being discussed today do a good job of targeting limited federal resources on a specific and defined group in need of services. These legislative proposals, therefore, have the support of the Council, particularly the amendments focused on youth programs -- our primary area of interest.

I would like to specifically commend the clear relationship established in the youth program amendments between the targeted population of poor and AFDC youth and the funding distribution formula. The number of individuals in the specific target population eligible to receive the services under the bill provide the precise basis by which the funds are distributed to the States and passed through to the local service delivery area.

We recognize, however, that a revision of the summer youth program funding formula to mirror a more-focused target population will result in some funding shifts and program dislocations. Having felt the weight of similar funding dislocation in the past, we recommend that the Committee consider softening or phasing-in the impact of any negative fiscal changes among States and JTAs.

We would also like to point out to the Committee, that the AFDC youth focus of the proposed amendments will not necessarily serve those youth who are the "most likely to serve" or the "most in need" of services. [illegible] city school system as an example, the Chicago Public Schools enroll about 250,000 economically disadvantaged children of which 75,000 are low-income high school children. 46,000 of Chicago's low-income high school children are AFDC youth. The focus of the amendment on these AFDC youth will likely limit the services available to the remaining 29,000 low-income, but non-AFDC youth. Some of these 29,000 poor, non-AFDC children will be in greater need of JTPA services than some of their AFDC counterparts, and some

will be legitimately classified as "hard to serve," just as will some, but not all, of the AFDC youth. The receipt of AFDC payments is clearly not a determinant of those youth who are either "most in need" or "hard to serve," although some correlation obviously exists.

With regard to the year-round program for AFDC youth, we have a somewhat mixed perspective. To accomplish the laudable goals incorporated into the bill in the areas of education, training and work experience, hard to serve youth, who are often AFDC youth, will clearly require more extensive services than a two month summer program can provide. The year-round program noteably offers the opportunity for greater success with the hard to serve population. On the other hard, a fiscally neutral program such as this, while offering the promise of more extensive services and greater success, ultimately will result in a decrease in the overall number of summer jobs available under the Summer Youth Employment Program. Our cities cannot afford any dilution in the current service level of summer jobs, especially as we are anticipating in Chicago a one-third reduction in the Summer Youth Program in the upcoming summer months, absent any supplemental federal intervention.

Regarding the new performance standards proposed to be added for youth programs, The Council is again supportive. These new criteria are quite appropropriate to the focus of the proposed program. We would recommend, additionally, some recognition of the substantial differences in the performance expectations and capabilities of the so-called "hard-core" poor youth, in comparison to other low-income youth. With no adjustment for "hard to serve" youth within the current, universal performance standards, there is an inherent incentive for "creaming" the most capable of the eligible population, in order to exceed performance standards.

Further focusing on the details of the proposed amendments, we have some concern regarding the Comprehensive Services Plan required for each participating youth. Having over a decade of experience with written individualized education plans, our schools recognize their general utility as a management tool for serving individuals. However, depending upon the specificity of the regulations and guidelines added on by federal and state agencies in the implementation process, the Comprehensive Services Plan could become excessively time consuming and extremely costly. Having sent 29 boxes of paperwork to our SDA following completion of last summer's youth program, I am quite sensitive to the prospect of even more paperwork.

As a recommendation, I suggest that the Committee expressly discourage overregulation of this provision by federal and state agencies, and encourage the utilization of already available data and information on individuals in existing format, whenever possible. For example, the income verfication information already collected for the School Lunch or the Chapter 1 Program may negate the need to collect additional information of that sort for most of the youth served in the Chicago JTPA Programs. Similarly, the new Technical Amendments' requirement for a reading and mathematics assessment may already be available for many of Chicago's youth within the records of the Board of Education in our own format. Use of that information [illegible] unnecessary duplication of data collection efforts, time, and expenditures. A potential problem, however, which the Committee could resolve is the limitations faced in distributing information on individuals under the Privacy Act, which I commend to your consideration.

I would like to applaud both the bill and amendments for continuing to place a significant emphases on providing eligible participants with programs of basic and remedical education. In order for the communities we serve to be competitive and viable, the educational institutions must help its citizens become competent in basic acadamic skills, and must provide effective training in job related skills to meet rapidly changing labor market demands. Many of the communities' present and future economies have, essentially, lost the need for inskilled workers. The speed with which new technologies are altering the content of jobs makes it imperative for workers to adopt rapidly and frequently to new work and new ways of doing it. Therefore, a strong grounding in basic academic skills is essential for survival in the present and future economy. The primary responsibility for teaching basic skills lies with and must continue to come from the local educational agencies. Developing a clear and measurable plan for job related training that meets the needs of a radically changing labor market will continue to require a network of partnerships that cut across institutional lines. The legislation must foster and encourage local educational agencies to become active members of the partnership. The attached table documents the unfortunate fact that drastic cuts have been made to the job training programs which school districts have been allowed to operate in the JTPA system, forcing us to often to become mere observers rather than active members of the partnership.

In recognition of the fact that two out of the three purposes of the program in the proposed amendments are educational in nature, the declining level of school district participation in JTPA hopefully could be remedied. Since schools already serve a majority of the eligible JTPA youth program participants and have outstanding performance track records in relation to program objectives, greater LEA participation would be a very positive step. For example, in Chicago there are approximately 69.000 high school age students who are from families receiving AFDC. Of these students over 46,000 or 2/3 are attending public high schools, and an additional 29,000 high school students are from families considered to be economically disadvantaged. Therefore, a total of 75,000 high school students are eligible to participate in the J.T.P.A. program. This data underscores the fact that local educational agencies have unique opportunity to reach JTPA youth before they leave school, and become hard-to-serve individuals tied to a cycle of AFDC and related support. Last year's evaluations of the Chicago Public Schools program document a placement rate of over 80%, and in many of the programs like chefs'training, autobody and fender, and amusement machine repair, we had placement rates reaching 100%. In spite of these facts, the Chicago Public Schools received a year around contract to serve only 414 JTPA-eligible youth, or 1/2 of 1% of the eligible population. We are only serving one-third the number of young people that we have served in the past, despite our outstanding track record. Similar declining JTPA participation is being experienced by most of the big city school systems.

Many of the decisions concerning funding levels for educational institutions are made based upon pressures to fund numerous other interests and organizations. In order to insure an active role for local education agencies in the program partnerships, similiar to that which had been established in the past, we are suggesting that cooperative programming with school districts be legislatively mandated. A requirement that 50% of the funds targeted for youth be set-aside for such cooperative school partnerships, we feel would be appropriate. Such a provision would bring school districts actively back into the job training partnership system, rather than leaving the role of the schools to that of a spectator. This has been the role to which we have often be relegated in recent years.

In spite of the few reservations we have enumerated regarding a few of the proposed provisions, the Council of the Great Cities Schools wants the Committee to be clear about our support for the bill and the amendments. We appreciate the opportunity to express our views, and as always, stand ready to assist the Committee as it moves forward to enact positive legislation.

Federal
JOB TRAINING ALLOCATIONS*
to Great City School Systems

	1980-81	1982-83	1984-85	1985-86	% Δ
ALBUQUERQUE	$ 1,200,000	$ 678,156	$ 305,328	$ 138,840	- 88.4%
ATLANTA	1,043,439	156,804	807,146	1,080,000	+ 3.5
BALTIMORE	15,900,000	406,253	433,024	390,000	- 97.6
BOSTON	812,000	(55,000)	51,824	50,000	- 93.8
BUFFALO	421,657	0	202,605	424,140	+ 0.6
CHICAGO	24,100,000	7,200,000	4,000,000	3,153,000	- 86.9
CINCINNATI	NA	NA	NA	NA	NA
CLEVELAND	8,666,107	264,720	70,000	150,000	- 98.3
COLUMBUS	2,878,113	1,003,888	735,000	466,983	- 83.8
DADE COUNTY	5,717,760	1,579,225	1,039,113	948,115	- 83.4
DALLAS	870,000	0	0	0	- 100.0
DENVER	621,000	430,611	110,000	104,624	- 83.2
DETROIT	12,814,935	4,385,327	2,747,161	2,498,493	- 80.5
FRESNO	1,189,326	124,927	162,669	280,363	- 76.4
INDIANAPOLIS	6,515,222	782,499	160,828	513,000	- 92.2
LONG BEACH	1,541,459	136,784	0	0	- 100.0
LOS ANGELES	25,400,000	4,328,000	3,225,000	9,488,187	- 62.6
MEMPHIS	2,074,429	(950,000)	935,911	351,000	- 83.1
MILWAUKEE	3,379,152	(800,000)	(500,000)	502,349	- 85.1
MINNEAPOLIS	1,382,000	71,365	51,500	50,000	- 96.4
NASHVILLE	1,015,449	1,283,242	(500,000)	556,100	- 45.2
NEW ORLEANS	271,678	(125,000)	60,000	0	- 100.0
NEW YORK CITY	36,600,000	1,823,943	1,125,000	411,000	- 98.9
NORFOLK	991,179	601,795	470,284	607,000	- 38.8
OAKLAND	1,713,744	(250,000)	202,083	113,000	- 93.4
OMAHA	342,626	164,532	192,649	89,000	- 74.0
PHILADELPHIA	15,548,990	3,798,000	2,296,706	1,817,067	- 88.3
PITTSBURGH	4,004,131	2,296,752	458,969	620,379	- 84.5
PORTLAND	1,351,350	76,202	71,659	150,248	- 88.9
ROCHESTER	2,388,161	532,026	532,024	596,464	- 75.0
ST. LOUIS	1,106,383	567,246	100,000	164,000	- 85.0
ST. PAUL	4,483,000	2,387,360	1,277,600	207,000	- 95.4
SAN FRANCISCO	1,948,266	637,757	660,330	913,900	- 53.1
SEATTLE	4,129,258	1,244,988	800,000	850,000	- 79.4
TOLEDO	469,727	0	96,000	300,000	- 36.1
TULSA	0	0	0	0	0.0
WASHINGTON	2,063,991	534,620	393,640	(400,000)	- 80.6
CITY TOTAL:	$ 195,054,532	$ 39,677,022	$ 24,774,253	$ 28,384,252	- 85.5%

SOURCE: COUNCIL OF THE GREAT CITY SCHOOLS

Senator SIMON. All right, we thank you, Dr. Newberg.

Dr. NEWBERG. Thank you.

Senator SIMON. First, how long have you been working in this field for the Chicago school system?

Dr. NEWBERG. About 23 years now.

Senator SIMON. Okay. And you go back to, if my mathematics is correct, you go back to 1980–81 school year?

Dr. NEWBERG. Yes.

Senator SIMON. I note that the Chicago schools' on the job training allocations got $24 million in 1980–81, $3.1 million in 1985–86. What has that meant in terms of your ability to serve, or have you compensated that with local funds, or what has been the net result?

Dr. NEWBERG. No. With our extreme budget deficit that we are facing, for instance, this year, we have a budget deficit of approximately $76 million before we even start dealing with the unions this year. There was no way we could make up for that loss, and all of those participants were let go at the end of the fiscal year when those funds ended.

So what we are saying is at that point in time we had been serving 15,000 and now with those funds we are serving 414.

Senator SIMON. And for those young people, that means what?

Dr. NEWBERG. It means less support for the family, probably dropping out. For many youth, a job was the key to keeping them in school, knowing that if they left school they would lose the job. For many of them, it was the key to breaking what you are talking about, the cycle. Many of them see their grandparents, parents, some of their most recent relatives having completed high school and yet not having a job, and so for many of them it was the only hope they had to breaking that cycle.

With many of our minorities, the program is one of the few ways of getting students into private industry, opening the door for them to get into private industry. Once they get in and once the door is open for them, they usually succeed very, very well.

Senator SIMON. As I read through your statement, some of your concerns with both the Kennedy and Quayle amendments are with what may happen in the field of regulation. For example, the comprehensive services plan, you do not really oppose the idea of a comprehensive services plan, as I read your statement, but it is what kind of regulations that may come with it to make it too much of a burden. Am I reading correctly or not?

Dr. NEWBERG. Yes, Senator. For example, one part of the regulation may be proof that the person is economically disadvantaged. We have submitted to our SDA one page that would easily document that, especially if a person is on AFDC. They will show you their green card and we will Xerox the front and back of that, and yet we have a six-page document front and back that must be completed. It asks for all sorts of information that they feel is important.

The other thing I might suggest is that when looking for some of the information that they look to something that we already have in the school system that could be easily duplicated and be given to them, rather than having staff fill out these lengthy reports.

Senator SIMON. Senator Quayle?

Senator QUAYLE. Thank you very much, Mr. Chairman.

I am also concerned about creating additional paperwork just for the sake of creating paperwork, but I do think conceptually that it is a good idea and we need to sort of see how it is going to be carried out.

I have just a couple of general questions I would like to ask you about expanding the summer youth program to year-round for AFDC youth. The reason that we are doing this is because of the problem of the failure of the school system to keep these kids in the school and therefore we have to reach out and try to serve them.

What can we do to keep these kids in school? I think that if you look at this thing, that we have got a little bit of a problem and I am just curious on any thoughts that you might have in our educational system and working with our employment training system we might do to keep the kids in school in the first place.

Do you have any overall comments on that?

Dr. NEWBERG. That would take some time. I know, for example, the House Committee on Education has volumes of material and research that they have been doing to look at successful programs.

Senator QUAYLE. What would be just your very quick observation of what we might be able to do to improve the retention rates in school, because if they are in school that is a plus?

Dr. NEWBERG. Absolutely. There are a number of successful programs for different target populations. It is almost like trying to teach reading to your children. I have four children and the key to teaching reading to each one of them is something else. My son, if it had something to do with football, he loves it. My younger daughter, if it has something to do with horses, she loves that.

Some of the keys started in a very early age. Our early childhood education programs, where we now are pulling the children in at three and four years old, we can look at the minority children who are two and three years below grade level at that point, they are now two or three years above grade level at that point, and that is at the early end. This kind of program, where we incorporate basic skills training, pre-employment skills training, and a job possibility keeps a lot of the hard-core AFDC participants in school, because it is the only way they are going to get into private industry. They know if they leave school, they are just going to go into that cycle of standing on the street corner with the rest of their friends. So many of them it is the JTPA program that is the key, it offers them a job for the future.

Senator QUAYLE. I understand that and it is very important to thousands of kids. I guess my interest is if there is any way that we can improve the retention rates in school of these at-risk kids, that if you do that and they stay in school and receive that education, statistics show the better chance they are going to be trainable and go on and get that job.

I just wonder, from your unique background and vantage point, if there is anything that we might be able to do in looking at these at-risk kids, on how we might get better retention rates in school, if you had any specific suggestions.

It is just an interest to me in sort of a general way as to if there are any incentives that we can provide to keep them in school, be-

cause now we are talking about—and I think we have to do it—the possibility of having year-round program for some of the AFDC youth.

What we are basically saying, in recognition that they are not going to be in school, that they might not be in school, therefore we have got to have special attention and I am just wondering if there is any general thoughts on how we can reduce that at-risk population or increase the retention of that at-risk population.

Dr. NEWBERG. Okay. In our testimony, I am pointing out that two-thirds of what you might consider the at-risk population are presently in our schools. Two-thirds of the AFDC children are presently attending Chicago public schools, and so what we are trying to do, the school system is trying to work with those youngsters to hold them, and the JTPA program is part of the key, keeping them in——

Senator QUAYLE. Keeping them in.

Dr. NEWBERG [continuing]. Otherwise, we lose them. The other one-third, of course, we try to bring back in working with other agencies. But our hope is that the 79,000 that we are talking about, this could be a key and if we were made a more active participant in the program, we could do that.

Last week, for example, a community based organization called me and said, you know, part of our contract is that we must serve 40 percent of youth. We do not know how to serve youth, so we would like to come into the school system. I said, well, rather than coming in and duplicating what we are doing, we would prefer you just give us the money and we will do that. That happens time and time again.

There are a lot of pressures at the local level that force the SDAs to make decision. They would like to give us 414 they think—in fact, it is the largest contract they are giving—they think they are giving us a break, but they do not have the leverage in the legislation to give us any more. When we used to have the 22 percent set-aside, they could say to all of the other community based organizations, you focus on youth and we have this legislative mandate to provide the system with 22 percent of the money.

They no longer have that mandate, so they have given way to pressure and backed off and so we have 79,000 youth and we are having 414 as a contract to provide that service. We need your help to get more.

Senator QUAYLE. Thank you, Dr. Newberg.

Thank you, Mr. Chairman.

Senator SIMON. Thank you very much, Dr. Newberg.

Dr. NEWBERG. Thank you.

Senator SIMON. That concludes our hearing.

[Whereupon, at 1:35 p.m., the subcommittee adjourned.]

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